

Message Text

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R 201612Z AUG 76

FM AMEMBASSY LONDON

TO SECSTATE WASHDC 4747

UNCLAS SECTION 01 OF 02 LONDON 13147

E.O. 11652: N/A

TAGS: BPRO, BFOL, UK

SUBJECT: ENGINEERS OVERSEAS HANDBOOK - 1976 EDITION

REF: DEPT'S A-2642; LONDON 11244 & 12290

1. ANSWERS TO QUESTIONS RAISED AS FOLLOWS

1A) THERE ARE NO LICENSING REQUIREMENTS FOR ENGINEERS
PRACTICING IN U.K.

1B-E) N/A

2A) ASSOCIATION OF CONSULTING ENGINEERS
ABBAY HOUSE, 2 VICTORIA STREET
LONDON, S.W.1.

760 INDIVIDUAL MEMBERS. MEMBERSHIP LISTS ARE AVAILABLE

2B) INSTITUTION OF CIVIL ENGINEERS

1/7 GREAT GEORGE STREET

LONDON, S.W.1.

46,000 INDIVIDUAL MEMBERS

3) IT IS NOT NECESSARY FOR A U.S. CONSULTING ENGINEERING
FIRM TO HAVE A LOCAL REPRESENTATIVE. CLEARLY THIS IS
MORE DESIRABLE AND SHOULD HE BE A U.S. CITIZEN HE WOULD
NEED AN ALIEN'S WORK PERMIT.

4) NO LOCAL PARTICIPATION NEED BE INVOLVED IN ANY CIVIL
ENGINEERING CONTRACT FINANCED BY ANY SOURCE. CONVENIENCE
OF OPERATIONS HOWEVER LEAD MOST OVERSEAS CONTRACTORS TO
WORK TOGETHER WITH BRITISH-BASED ENGINEERS.

5A) CONSORTIUM-TYPE BIDS ARE NO MORE TYPICAL THAN ANY
OTHERS. THE CONTENT OF BIDS INCLUDING THE ENGINEERING
SERVICES REQUIRED VARY FROM CASE TO CASE AS NECESSARY.

5B & C) STANDARD CONDITIONS APPLY

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5D) THERE IS NO INTERNATIONAL ARBITRATION. PROVISION

FOR DISPUTES BETWEEN THE PARTIES LEADING TO ARBITRATION IS WRITTEN INTO THE CONTRACT AND HAS BEEN MUTUALLY AGREED BEFOREHAND.

5E) NO

5F) NO

6) NO

7) REPATRIATION OF FEES UP TO 50,000 POUNDS IS PERMITTED.

ABOVE THAT FIGURE AUTHORIZATION IS REQUIRED FROM THE BANK OF ENGLAND.

8A) A CORPORATION WHICH IS RESIDENT IN THE UNITED KINGDOM (BROADLY SPEAKING, ONE WHICH IS MANAGED AND CONTROLLED IN THE U.K.) WOULD BE LIABLE TO CORPORATION TAX ON THE WHOLE OF ITS PROFITS. IT WOULD ALSO HAVE TO PAY ADVANCE CORPORATION TAX WHENEVER IT MADE A DISTRIBUTION OF PROFITS BY WAY OF DIVIDENDS, BUT THIS ADVANCE CORPORATION TAX IS OFFSET AGAINST THE MAIN LIABILITY TO CORPORATION TAX SUBJECT TO CERTAIN RESTRICTIONS.

8B) 52 PERCENT AND THE ADVANCE RATE ON DISTRIBUTIONS 35/65.

8C) YES

8D) A CORPORATION RESIDENT IN THE U.S. AND NOT RESIDENT IN THE U.K. WHICH IS ENGAGED IN TRADE OR BUSINESS IN THE U.K. THROUGH A PERMANENT ESTABLISHMENT HERE WOULD BE LIABLE TO CORPORATION TAX ON THE PROFITS ATTRIBUTABLE TO THAT PERMANENT ESTABLISHMENT, BUT IT WOULD NOT BE LIABLE TO ACCOUNT FOR ADVANCE CORPORATION TAX ON ITS DISTRIBUTIONS.

8E) DEPENDS ENTIRELY ON THE CIRCUMSTANCES OF THE CASE IN QUESTION.

9A) ANYONE WHO PERFORMS THE DUTIES OF HIS EMPLOYMENT IN THE U.K. IS LIABLE TO U.K. INCOME TAX ON HIS EARNINGS FOR DUTIES PERFORMED HERE. THE FACT THAT THE EMPLOYEE IS NOT DOMICILED IN THE U.K. HAS NO RELEVANCE UNLESS HIS EMPLOYER IS A CONCERN NOT RESIDENT IN THE U.K. THE RIGHTS OF THE U.K. TO TAX REMUNERATION FOR SERVICES PERFORMED IN THIS COUNTRY ON BEHALF OF AN AMERICAN EMPLOYER BY AN INDIVIDUAL WHO IS A RESIDENT OF THE U.S. ARE LIMITED BY THE DOUBLE TAXATION CONVENTION NOW IN FORCE BETWEEN THE U.S. AND THE U.K. A NEW DOUBLE TAXATION CONVENTION BETWEEN THE U.S. AND THE U.K. WAS SIGNED ON DECEMBER 31, UNCLASSIFIED

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1975 BUT HAS NOT BEEN RATIFIED EITHER BY THE BRITISH PARLIAMENT OR THE U.S. SENATE.

9B) FOR THE YEAR 1976/77 U.K. TAX WILL BE CHARGED AT THE BASIC RATE OF 35 PERCENT, AND IN RESPECT OF SO MUCH OF AN INDIVIDUAL'S TOTAL INCOME AS EXCEEDS 5,000 POUNDS AT HIGHER RATES AS FOLLOWS:

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PART OF EXCESS OVER 5,000 POUNDS HIGHER RATE

THE FIRST 500 POUNDS	40 PERCENT
THE NEXT 1,000 POUNDS	45 PERCENT
THE NEXT 1,000 POUNDS	50 PERCENT
THE NEXT 1,000 POUNDS	55 PERCENT
THE NEXT 1,500 POUNDS	60 PERCENT
THE NEXT 2,000 POUNDS	65 PERCENT
THE NEXT 3,000 POUNDS	70 PERCENT
THE NEXT 5,000 POUNDS	75 PERCENT
THE REMAINDER	83 PERCENT

9C) IMPORT DUTY IS ONLY LEVIED ON EQUIPMENT OR MATERIALS THAT STAY PERMANENTLY IN THE U.K. SIMILARLY THE PERSONAL POSSESSIONS OF CONSULTANTS' EMPLOYEES ARE NOT SUBJECT TO IMPORT DUTY SO LONG AS THE EMPLOYEE DOES NOT TAKE UP PERMANENT RESIDENCE IN THE U.K.

10) THE DEPARTMENT OF ENERGY THROUGH ITS RESPONSIBILITIES IN THE NATIONAL COAL BOARD, THE CENTRAL ELECTRICITY GENERATING BOARD, THE BRITISH GAS CORPORATION, THE U.K. ATOMIC ENERGY AUTHORITY AND DEVELOPMENT OF NORTH SEA OIL. THE DEPARTMENT OF THE ENVIRONMENT WHICH INCLUDES THE MINISTRY FOR PLANNING AND LOCAL GOVERNMENT, THE MINISTRY OF TRANSPORT, AND THE MINISTRY FOR HOUSING AND CONSTRUCTION.

11A) ENGLISH

11B) THE ENGLISH SYSTEM OF WEIGHTS AND MEASURE IS STILL USED. LITTLE ENTHUSIASM IS DISPLAYED FOR THE INTRODUCTION OF METRICATION ALTHOUGH THIS STILL REMAINS OFFICIAL U.K. GOVERNMENT POLICY.

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12) LEGISLATION IN THE U.K. REQUIRES EMPLOYERS TO PAY TO THE DEPARTMENT OF HEALTH & SOCIAL SECURITY 8.75 PERCENT OF EACH EMPLOYEE'S ANNUAL SALARY (THE EMPLOYEE HIMSELF PAYS 5.75 PERCENT). THESE CONTRIBUTIONS PROVIDE FOR SICKNESS AND UNEMPLOYMENT BENEFITS, HOSPITALIZATION AND MEDICAL TREATMENT, AND A RANGE OF OTHER WELFARE PAYMENTS. HOLIDAY PAY, YEAR-END BONUSES, RETIREMENT PENSIONS AND SEVERANCE PAY ARE ALL THE RESPONSIBILITY OF THE EMPLOYER, THE EMPLOYEE CONTRIBUTING ALSO FOR HIS PENSION.
ARMSTRONG

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